



PUBLIC SAFETY & SECURITY COMMITTEE- PUBLIC HEARING ON MARCH 8, 2016  
TESTIMONY ON SB 357 - AN ACT CONCERNING GAMING

Co-Chairs Senator Larson, Representative Dargan, and members of the Committee,

We thank you for the opportunity to submit testimony today on Senate Bill 357 - An Act Concerning Gaming. We applaud the Committee's continued support of the wide variety of gaming industries in the state of Connecticut and the efforts to bolster the bingo industry that is already in place.

In addition to the language that SB 357 contemplates, we respectfully ask the Committee to include language that would require an objective economic analysis of casino gaming in Connecticut before proceeding further.

The primary questions should be whether there is a market for Connecticut's first commercial casino, and, if so, which region would provide the most significant economic opportunity for the State. We recommend that this study should also examine the regulatory framework that the State would need to have in place before allowing commercial gaming, including consideration of the costs of establishing a new, statewide regulatory body or agency. Also included should be a thorough review of the regulatory processes utilized by similar states with commercial gaming and a report on the costs of operating those regulatory processes.

Last year, this Committee passed Special Act 15-7, which created a development framework for a brand new industry in Connecticut—commercial gaming. Before authorizing any such casino, there should be **a thorough economic review of the introduction of commercial gaming that should include consideration of the following points:**

**What happens to the State's guaranteed minimum payments?**

- The State's compacts with the Mashantucket Pequot and Mohegan tribes include a provision stating that any commercial gaming approved by the State would violate the compacts, putting in jeopardy the tribes' minimum annual payments (Pequot Fund). How would the State offset this potential loss of at least \$180 million each year?

**How will commercial gaming be taxed and who will pay for local impacts?**

- Each of these tribes waged unsuccessful bids to enter the Massachusetts market. In those instances, in addition to the Massachusetts state tax of 25% on both slots and table games, the tribes proposed millions in additional fees to offset local community impacts. What tax rate will Connecticut impose on the tribes to ensure that the State receives a fair share of this revenue and how will adverse effects on local communities be compensated?

**How will a commercial casino affect Connecticut Lottery sales and tax revenues?**

- Creating Connecticut's first commercial casino will have an effect on other aspects of gaming that provide important revenue to the State, such as the Lottery. The State should study this impact and include provisions in any law authorizing commercial casinos to ensure that these lost revenues are compensated by the casino.

**What type of regulatory structure is required to oversee Connecticut's first commercial casino and how much will it cost the State?**

- Connecticut would need to set up an entire regulatory system to oversee commercial gaming within the Department of Consumer Protection, which would be costly to create and administer. Before authorizing commercial gaming, the State should investigate these costs.

**What are the implications of the proposed commercial casino being run by sovereign nations?**

- As independent, federally and state recognized sovereign nations, the Mohegan and Mashantucket Pequot Tribes are subject to different rules and regulations and have what is called "sovereign immunity." For the tribes to operate as normal commercial enterprises, will they waive their sovereign immunity rights? If not, what are the legal implications for host towns, guests of the casino, and taxpayers?

By thoroughly studying expanded casino gaming in Connecticut, we will ensure that the State has the best information to make its decisions. Further, **Connecticut should ensure transparency by making certain that open and fair competition exists in any legislation that will allow commercial gaming in Connecticut. So as to ensure that municipalities and taxpayers get the best possible deal in the expansion to commercial gaming, any entity that wants to compete for the right to develop Connecticut's first commercial casino should have the ability to do so openly and on equal terms.**

Thank you for your consideration of this testimony. We believe that a full review of the casino market in Connecticut and the region, combined with analysis of the costs associated with regulation of commercial gaming, and any potential issues resulting from sovereign immunity, are critical steps the legislature should take before authorizing a commercial casino in the State. Connecticut cannot afford to get this wrong.